Fiscal Year 2006 – Budget Reductions for the Missouri Department of Social Services

On March 24, 2005, Governor Matt Blunt announced more than $239 million in specific budget reductions and program eliminations from general revenue funds across state government, including a total of $94.2 million in general revenue cuts to the Department of Social Services (DSS). These reductions, which are in addition to the $1.1 billion in state and federal fund reductions announced by Governor Blunt in January 2005, are designed to keep the state's $19.1 billion budget for Fiscal Year 2006 balanced.

The first page of this document offers a brief summary of the $94.2 million in reductions to the DSS budget, and subsequent pages provide a more detailed view of anticipated impacts to specific programs, services and related spending resulting from the proposed reductions.

As always, the Governor's proposals outlined here are subject to modification by the General Assembly, which must present a final budget to the Governor for his consideration by May 6.

-- Of the $94.2 million in general revenue cuts proposed to the DSS budget, there are:

- Savings of $27.1million realized in the Medicaid program
- $4.2 million in reductions to Medicaid programs
- $31.2 million in reductions to managed care
- $8.7 million in reductions to youth services treatment and juvenile court diversion grants
- $6.7 million in reductions to child welfare program lines
- $3.4 million in reductions to income support programs
- $4.7 million in reductions to field staff personal services, expenses and equipment (No reductions to Child Welfare field staff)
- $2.6 million in reductions to program administration
- $800,000 in reductions to support divisions and the DSS Director's Office
- $700,000 in other reductions (Overtime / Pay Plan adjustment for FTE reductions)
- $4.1million in fringe from personal services reductions (budgeted in House Bill 5)

-- Over $60 million in losses in federal earnings is projected as a result of the general revenue reductions

-- General revenue reduction and loss of federal earnings will result in elimination of 474 FTE, of which:

- About nine to 10 percent of the positions are located in Jefferson City. The rest are in other areas of the state.
- 195 FTE staff DYS facilities
- 142 FTE are Child Support field staff
- 92 FTE are Income Maintenance field staff
- DSS expects to be able to manage at least half of the reductions through attrition
- Of the other half of the reduction, about 16 percent of the positions are vacant and 84 percent are filled. The majority of these positions staff DYS facilities

MEDICAID PROGRAMS

Reduce Medical Assistance for Families (MAF) Adult Medicaid eligibility to Temporary Assistance: $4.2 million general revenue ($6.7 million federal earnings)
-- Governor Blunt's FY 2006 budget recommendations reduced eligibility for this group from 75 percent of the Federal Poverty Level (FPL) to 30 percent of the FPL
--This proposal reduces eligibility to the level required by the federal government
-- Temporary Assistance income range translates into 18 percent to 23 percent of FPL
-- There are no statutory changes required to reduce eligibility for this group; only a rule change is necessary
-- This cut is estimated to affect 7,505 parents - 3,779 are expected to lose coverage immediately and 3,726 to lose coverage after up to one year of federally required transitional medical benefits.
-- The individuals affected are in addition to the 60,714 adults affected by the Governor's FY 2006 budget recommendation to reduce Medical Assistance to Families (MAF) adult eligibility from 75 percent of FPL to 30 percent of FPL.

Reduce FY 2006 Pharmacy Inflation New Decision Item funding to assume an 11 percent inflationary factor: $14.6 million general revenue ($23.6 million federal earnings)
-- DSS' FY 2006 request related to Medicaid pharmacy inflation assumed a 15 percent inflationary factor
-- The reduction assumes an 11 percent inflationary factor

Non-Emergency Medical Transportation (NEMT) Provider Network Developed In-House: $3.3 million general revenue ($5.3 million federal earnings)
-- Currently the DSS Division of Medical Services (DMS) contracts for NEMT brokering services
-- The proposal is to develop a provider network in-house
-- Summary of how this would work follows:

- DMS would establish a fee schedule for registered NEMT providers.
- Providers would be paid from the fee schedule. Recipients would have the option to arrange their own transportation and be directly reimbursed by Medicaid for their transportation cost.
- Medicaid recipients eligible for NEMT services would contact the NEMT providers directly to schedule transportation.
- Utilization would be monitored on a monthly basis to determine trends and conduct analysis is necessary.

Reduce 2006 Managed Care Rate Increases to the Actuarially Sound low point: $9.2 million general revenue ($15.7 million federal earnings)
-- Federal provisions require that Medicaid managed care rates must be actuarially sound
-- DSS request for 2006 Managed Care Rate Increases is closer to the actuarial mid point.
-- The reduction would fund the 2006 Managed Care Rate Increases at the actuarial low point.

Managed Care Reduction: $31.2 million general revenue
-- The Governor's recommendation will require the Department of Social Services to find additional efficiencies and cost savings in the managed care contracts
-- The Department will consider other options to address this core reduction.

YOUTH SERVICES PROGRAMS

25 percent reduction to Youth Treatment Services: $6 million general revenue ($5.3 million personal services and $700,000 expenses and equipment)
-- Reduction will eliminate

- 14 residential treatment groups
- 25 day treatment slots
- 16 case management personnel

-- Will affect between 330 and 386 youth annually
-- Waiting list is estimated to expand from around 60 youth to over 400 youth
-- Will affect 195 FTE. It is estimated that about 10 percent of these positions are vacant.

70 percent reduction in Juvenile Court Diversion (JCD) grant funding: $2.7 million

-- This funding provides grants to juvenile courts to support local programs that help divert youth from Division of Youth Services (DYS) commitment

-- In FY 2005 there are over 85 grants made to juvenile courts

-- Typical projects/programs developed by the courts include intensive probation; community group counseling; individual and family counseling; alternative educational services; family preservation services and day treatment.

<u>CHILDREN'S PROGRAMS</u>

Eliminate Child Assessment Center general revenue funding: $1.9 million general revenue

-- Child Assessment Centers (CACs) are funded by state general revenue as well as other non-state revenue sources.

-- Proposal is to redirect about $800,000 in federal grant funding to fund grants to the CACs.

-- With the federal fund redirect, net impact is between $1 million and $1.1million.

-- There are 16 child assessment centers receiving funding in FY 2005. They include: Boone Co.; Buchanan Co.; Camden Co.; Cape Girardeau Co; Clay/Platte Co.; Greene Co.; Grundy Co.; Jackson Co.; Jefferson Co.; Jasper Co.; Pettis Co.; Ripley Co.; St. Charles Co.; St. Louis City; St. Louis Co. and Stone Co.

Eliminate Adoption Resource and Recruitment Contracts: $1.2 million general revenue ($550,000 federal earnings)

-- Currently the responsibility for the recruitment and licensing of foster and adoption families is shared between contractors and division staff

-- The proposal would eliminate the contractor's role in this function

Reduce Child Care for Children in Adoptive and Guardianship Placements: $1.35 million ($650,000 federal earnings)

-- Working families who adopt/obtain guardianship of children previously in the care and custody of the Children's Division receive assistance with time - limited child care.

-- This proposal would scale back funding available for such child care assistance.

-- Rather then providing assistance for school age children (before and after school care and summertime care), care would be reduced by placing a maximum age at which the child is eligible to receive child care. For example, child care assistance would only be provided to children age five and under who are not yet of school age.

Prior Authorize Crisis Nursery Services: $500,000 general revenue

-- Require Children's Division to prior authorize placements to crisis nurseries to ensure funding support the most significant needs.

Reduce Foster Care Contracted Case Management Rates: $1.8 million general revenue ($819,000 federal earnings)

-- Reduce contracted case management rates by about 20 percent

-- Currently there are 20 foster care case management contractors providing services to on average 675 families and 1,080 children monthly.

<u>INCOME SUPPORT PROGRAMS</u>

Eliminate Grandparents as Foster Parents program: $1 million general revenue

-- This program provides a monthly payment and supportive services to grandparents and other relatives who have legal custody of their grandchildren and have annual household incomes of less than 200 percent of Federal Poverty Level.

-- It is estimated that 451 Grandparents (or other relatives) caring for 824 grandchildren will be affected by the program elimination.

-- Some children currently receiving a grant through this program will be eligible for a child-only Temporary Assistance grant.

-- The program is subject to appropriation under RSMo 453.325.

-- In the FY 2004 budget, the monthly payment was reduced from 75 percent of the current foster care payment to 25 percent of the current foster care payment.

Eliminate Youth Mentoring: $675,000 general revenue ($778,000 federal block grant)

-- The youth mentoring program supports grants to community agencies that provide work site and teen parent mentoring to youth who are at risk of entering the welfare or justice system.

-- This grant program serves approximately 1,500 youths primarily between the ages of 16 and 21 years of age.

Reduce Child Support Mediation general revenue funding to level required to earn the federal matching funds: $350,000 general revenue

-- DSS provides grants to the Mediation Achieving Results for Children (MARCH) program to assist courts in providing mediation services to families.

-- The proposal is to reduce mediation general revenue funding to the level required to earn the federal grant funding.

Other $1.3 million general revenue

-- 25 percent reduction in Community Partnership GR funding $242,500. Total Community Partnership funding after reduction is $8.2 million.

-- $1.0M FY 2006 lapse projected in Supplemental Nursing Care Program.

-- Eliminate general revenue funding in Family Nutrition grant appropriation $67,770. Federal funding of over $5 million remains available.

<u>FIELD STAFF PERSONAL SERVICES and EXPENSES AND EQUIPMENT</u>

Eliminate Temporary Assistance Recipient Case Management Services: $2.7 million general revenue ($1.3 million federal earnings)

-- Eliminate case management services to Temporary Assistance to Needy Families (TANF) recipients.

-- Redirect resources to review Medicaid eligibility to prevent fraud and abuse.

-- Currently Family Support Division (FSD) case managers screen recipients to help them identify and ameliorate barriers to training or work and moving off assistance. FSD screens recipients for domestic violence and other barriers and make referrals for substance abuse or mental health treatment.

-- With this change, all TANF recipients will automatically be referred to the Department of Economic Development, consolidating services previously offered by two agencies.

-- The current case management classification will be eliminated and individuals in the case manager classification will be reclassified downward to caseworkers.

-- Savings is realized from reclassifying 520 case managers to caseworkers.

-- Additional caseworkers from the reclassification will result in a caseworker to TANF caseload ratio that allows for the elimination of 92 FTE (61.64 GR FTE).

-- Goal is to manage the FTE cut through attrition.

Reduce Child Support Staff: $1.5 million Child Support Enforcement Collection – general revenue equivalent ($2.8 million federal earnings)

-- Eliminate 142 child support field positions.

-- Child Support Technicians would absorb the caseload of the staff cut.

-- To mitigate the possibility that increased caseload may lead to noncompliance with meeting federally mandated timeframes and paternity establishment percentages and ultimately the loss of federal funds, FSD may look to private vendors to manage the excess caseload.

-- Goal is to manage the FTE cut through attrition.

Other

-- $124,000 general revenue ($61,000 federal earnings) reduction in Family Support Division Staff Training. Will reduce/eliminate departmental training for FSD staff such as employee orientation and management training. The aforementioned types of trainings will be reduced in lieu of affecting front-line training on eligibility determination, etc.

-- $341,300 general revenue ($168,100 federal earnings) reduction in Children's Field staff expenses and equipment.

HIGHLIGHTS - PROGRAM ADMINISTRATION REDUCTIONS

Eliminate Women and Minority Health Care Outreach: $727,500 general revenue ($727,500 federal earnings)
-- Funding provides grants for outreach services targeted at women and minority populations in St. Louis, the Bootheel and the Kansas City region.
-- Currently DSS contracts with Missouri Primary Care Association to act a fiscal intermediary for the distribution of grants.

Eliminate Managed Care ombudsman contracts: $99,000 general revenue ($99,000 federal earnings)
-- Current contracts are with Legal Aid of Western Missouri and Legal Services of Eastern Missouri

Discontinue Quarterly Notice of Benefits to Medicaid Recipients: $405,000 general revenue ($748,200 federal earnings)
-- Currently the Division of Medical Services mails quarterly Explanation of Benefits (EOB) notices to all Medicaid recipients to comply with a court decision (Grant v. Toan).
-- With this change DMS will mail quarterly notices to a random sample of Medicaid recipients to comply with the court decision.

Eliminate Paper Claims: $296,000 general revenue general revenue ($1.2 million federal earnings)
-- Eliminate the paper claims process.
-- All providers would submit Medicaid claims electronically.
-- Medicare already requires electronic submission of claims.
-- Over 80 million claims are processed annually- 94 percent are submitted electronically. Around 4.8 million claims are submitted on paper.

Change Toll Free Provider Hotline to Toll Line: $77,500 general revenue ($232,500 federal earnings)
-- Medicaid providers who call the provider hotline will assume the cost of the long distance call.

Eliminate Electronic Benefit Transfer (EBT) customers' ability to call the EBT Call Center from a pay phone free of charge: $159,000 general revenue ($141,000 federal earnings)
-- Currently EBT customers may call the EBT Call Center from a pay phone free of charge.
-- Recently the pay phone surcharge paid to allow clients to access the EBT Call Center from a pay phone free of charge doubled to nearly 50 cents per call.
-- With the change, EBT customers would endure the cost when using a payphone to make calls to the toll-free customer service help desk or find another means for accessing the information, such as using a relative or friend's phone, checking receipts for account balances or doing a balance inquiry available through POS or ATM.
-- Payphone call usage averages 50,000 each month.

HIGHLIGHTS - SUPPORT ADMINISTRATION REDUCTION

Eliminate grants to law clinics
-- Eliminate law clinic contracts with the UMC School of Law and the U. of Mo. Kansas City School of Law
-- The schools presently offer classes in clinic application of child protective services law to law students. The supervising attorney (professor) supervises the students' handling of cases on behalf of the Children's Division through the Division of Legal Services. The schools handle Terminations of Parental Rights (TPRs), Guardianships, legal research, drafting legal documents, etc.
-- The clinics are assigned approximately 100 cases each.

Reduce Prince Hall state funded resources
-- Reduction in state funded staff and services such as security and groundskeeping.
-- Rents for Prince Hall non-state tenants may be increased to offset the reduction in state funding.